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GAIN Report

Global Agricultural Information Network

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Report Highlights:

Registration of cotton exports suspended, *FCI steps up efforts to clear wheat stocks*, *France, others eye slice of Indian harvest*, *Non-GMO molecular breeding may boost hybrid rice output*, *Parliamentary panel may oppose GM food*, *September inflation seen at 8.5%, Reserve Bank of India could hike rates in November*, *Amul may adopt Kibbutz Model*, *Marico extends health food portfolio with Saffola oats*, *Coffee output seen below estimate on pest attacks*, *Liquor companies taking to grain-based alcohol*, *Centre likely to meet State Agricultural Ministers on sugar decontrol*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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REGISTRATION OF COTTON EXPORTS SUSPENDED

The Textile Commissioner has suspended cotton export registration as they have already received applications equivalent to the 5.5 million bale export quota for the MY 2010/11 season. Late last month, the Group of Ministers decided to allow exports of 5.5 million bales (170 kg) in the 2010/11 marketing season for which export registration started on October 1, 2010. The shipments are expected to begin from November 1, 2010. Meanwhile, the Union Textile Secretary said that the government may lift the 5.5 million bale cap on exports if 2010 domestic production exceeds 32.5 million bales. (Source: [Business Standard](#), 10/12/2010; also see: [Times of India](#))

FCI STEPS UP EFFORTS TO CLEAR WHEAT STOCKS

Faced with the reluctance of the state government to accept food grains from the central pool, the Food Corporation of India, the agency responsible for central stocks, plans to sell wheat under the Open Market Sale Scheme through online spot exchanges. On Monday, the Food Corporation of India signed an agreement with the National Spot Exchange, a spot exchange platform, for liquidating wheat stocks online. A similar agreement with NVDEX spot is also due to be signed soon. These steps are aimed at clearing massive government stocks before the next grain procurement season begins in November. (Source: [Business Standard](#), 10/14/2010)

FRANCE, OTHERS EYE SLICE OF INDIAN HARVEST

French Food and Agriculture Minister Bruno Le Maire in his meeting with the India's Minister of State for Food and Agriculture Dr. K.V. Thomas called upon India to export from its huge stocks of food grains to ease shortfalls in overseas markets. The issue is expected to be raised by other European nations during the G-20 meeting to be held in Seoul in November. The French demand comes amid a ban on export of wheat and rice from India, and the rise in international prices on account of shortfalls in wheat production in countries such as Russia, Uzbekistan, and Kazakhstan.

Agriculture ministry officials have, however, ruled out a move to relax the export ban on wheat as they are uncertain about the impact of the proposed draft National Food Security Bill. (Source: [Business Standard](#), 10/10/2010)

NON-GMO MOLECULAR BREEDING MAY BOOST HYBRID RICE OUTPUT

India's quest to develop hybrid rice varieties could get a major boost from private sector research initiatives using non-GM molecular breeding technology applications. Bioseed Research India, a joint venture of DCM Shriram Consolidated Ltd, and Netherlands-based KeyGene, are in a research partnership to develop disease and weather tolerant hybrid rice through marker assisted breeding methods. A senior official of the company said that it would take 7-8 years to develop a variety which is ready for commercial release. (Source: [Financial Express](#), 10/11/2010)

PARLIAMENTARY PANEL MAY OPPOSE GM FOOD

The Parliamentary Standing Committee on Agriculture, currently studying the pros and cons of allowing Bt brinjal (egg plant) or other transgenic food crop are likely to oppose the introduction of GM crops. After holding consultations with various groups, some members are of the view that it is not safe to introduce GM crops and food at this stage as there has not been any proper study in the country on the impact of GM foods. The Parliamentary agricultural panel also opposed the introduction of Bt eggplant as it will create a virtual monopoly for a seed company like Monsanto. (Source: [Business Standard](#), 10/14/2010)

SEPTEMBER INFLATION SEEN AT 8.5%, RESERVE BANK OF INDIA COULD HIKE RATES IN NOVEMBER

India's annual headline inflation is expected to have touched a nine-month low of 8.5 percent in September but is seen remaining well above the comfort zone, which may tempt the Reserve Bank of India (RBI) to hike interest rates when it reviews its policy on November 2, 2010. While policy makers admit the current level of inflation is 'unacceptable' and has to be brought down to a 'comfortable' level of 5-6%, the RBI deputy governor has warned of price shocks from food and fuel items. (Source: [Financial Express](#), 10/13/2010)

AMUL MAY ADOPT KIBBUTZ MODEL

The Gujarat Cooperative Milk Marketing Federation Limited, owner of milk and milk products brand 'Amul', may adopt Israel's kibbutz model of dairy farming to increase productivity and profitability. Israeli kibbutz are cooperative societies that buy , breed and maintain 1,000-1,200 animals, unlike Amul's model in which farmer members own the animals and provide milk to the cooperatives. Amul's managing director feels that a cooperative milk producing union like Amul can improve production through advanced technology in breeding, healthcare and milking

processes. He would like to add the new Israeli model to the current cooperative model as it is difficult at present to ensure all farmer members benefit from modern technology as most farmers own just one or two animals. Amul is Asia's largest dairy federation with at least three million members in 12,000 villages, and has a daily average milk collection of 8.7 million liters. It markets 76 products. (Source: [Mint](#), 10/09/2010)

MARICO EXTENDS HEALTH FOOD PORTFOLIO WITH SAFFOLA OATS

Riding on the heart-health proposition, Marico is rolling out Saffola Oats and pitting itself against established MNCs such as Pepsi (with Quaker Oats) and Kelloggs with its recently launched ready-to-eat oats. Branded oats are a relatively small grocery sector, and are currently dominated by international brands with Bagrry's being the sole Indian player in this category. Having exited the snacks category under the Saffola Zest brand in the recent past, the home-grown FMCG major continues to offer products in the foods category under the Saffola franchise. Mr. Sameer Satpathy, Executive Vice-President and Head (Marketing), Marico, said, "We are in the process of rolling out oats under Saffola. The USP of our oats brand is that it has been made specifically to suit Indian cooking in terms of taste and texture. The brand would be competitively priced versus the existing oat brands in the market." (Source: [Hindu Businessline](#), 10/13/2010)

COFFEE OUTPUT SEEN BELOW ESTIMATE ON PEST ATTACKS

According to growers and exporters, India is expected to produce around 300,000 tons of coffee in 2010-11 (October-September), marginally lower than the Coffee Board of India's post-blossom forecast made in March, due to pest damage to arabica plantations. The state-owned board had pegged domestic coffee output at 308,000 tones, against 289,600 tones produced in 2009-10. The Board will come out with its post-monsoon coffee output estimates later this month. Coffee growers see production in 2010-11 to be higher on year as weather conditions in growing regions were fairly positive during the monsoon season. But instances of pest attacks on arabica coffee plantations during monsoon rains could hit output slightly and drag down the board's post-blossom estimates, they said. The Coffee Board makes two coffee output estimates every crop year, the first after the blossoming of the crop in March-April and another in October-November, after the monsoon retreats. (Source: [Business Standard](#), 10/08/2010)

LIQUOR COMPANIES TAKING TO GRAIN-BASED ALCOHOL

Despite the dominance of molasses-based alcohol in the 250 million cases a year Indian Made Foreign Liquor (IMFL) market, the trend of using grain-based alcohol is steadily growing. Data from Praj Industries, a firm that undertakes turnkey projects for companies in the alcohol business, shows that grain-based potable alcohol produced in India is now about 10 per cent. It was two-three per cent only five years earlier and, is projected to touch 22 per cent in the next

five years, according to Uday Kulkarni, head of marketing for the western region at Praj. (Source: [Business Standard](#), 10/08/2010)

CENTRE LIKELY TO MEET STATE AGRI MINISTERS ON SUGAR DECONTROL

The central government is expected to call a meeting of food and agriculture ministers from states to develop a consensus on sugar decontrol. However, many millers are apprehensive of any progress in deregulating the sector as big sugarcane growing states like Uttar Pradesh have not yet openly supported the measure. Even if some states might not be producing sugar or need not have a single sugar plant, they would be equally affected if the sector is decontrolled as sugar is consumed almost uniformly across the country. The idea is to have meeting with officials and ministers looking after the food and agriculture departments in states. The entire gamut of issues concerning decontrol like a levy order mechanism, cane reservation area; distance between mills could be discussed at the meeting. Millers and experts feel that 2010-2011 is the right time to do away with the controls in Indian sugar sector as production is expected to be almost 4-5 million tons more than last year, which should keep a lid on retail prices. (Source: [Financial Express](#), 10/11/2010)

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